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RUEHGB/AMEMBASSY BAGHDAD PRIORITY 0908
RUEHLB/AMEMBASSY BEIRUT PRIORITY 4970
RUEHEG/AMEMBASSY CAIRO PRIORITY 3694
RUEHDO/AMEMBASSY DOHA PRIORITY 0508
RUEHKU/AMEMBASSY KUWAIT PRIORITY 1351
RUEHMO/AMEMBASSY MOSCOW PRIORITY 0778
RUEHMS/AMEMBASSY MUSCAT PRIORITY 0124
RUEHRH/AMEMBASSY RIYADH PRIORITY 8003
RUEHTV/AMEMBASSY TEL AVIV PRIORITY 2190
RUEAIIA/CIA WASHDC PRIORITY
RHEFDIA/DIA WASHDC PRIORITY
RUCPDO/DEPT OF COMMERCE WASHDC PRIORITY
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY
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C O N F I D E N T I A L SECTION 01 OF 03 DAMASCUS 000524

SIPDIS

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SUBJECT: FOREIGN TOURISM TO SYRIA UP 40 PERCENT IN 2008

Classified By: Charge d'Affaires Michael Corbin for reasons 1.4(b,d)

Summary

11. (C) At the mid-point of 2008, the Syrian economy is enjoying its best tourism season since 2002, and a 40 percent increase in foreign tourism over 2007. A local expert attributes the increase to a year of political stability in the region and a greater SARG investment in marketing Syria in Europe and Dubai. Although politically-motivated journalism is suspected of discouraging Saudi tourism to Syria this year, "middle class" tourists from other GCC countries and Jordan are compensating for the loss. Foreign tourism from non-Arab states is also up, with Iran expected to contribute some 800,000 of an estimated four million total. Major sources of European tourism are Germany, Austria, Italy, Spain and Greece. Despite the boom, Syria still lags behind Lebanon and Turkey in capturing a proportionate share of regional foreign tourism, and SARG economic reforms have not yet attracted the necessary foreign investment to develop Syria's tourism infrastructure. End summary.

Best Year for Tourism since 2002

12. (C) Chairman of the Federation of Syrian Chambers of Tourism (and AmCit) Nashaat Sanadiki (protect) told us that at the halfway point of 2008, foreign tourism to Syria was up by 40 percent from 2007. If the trend continues, Syria is on pace to welcome four million visitors this year -- the best year for Syrian tourism since 2002. Sanadiki attributed the boom to two major factors. First, he explained that tourism had begun to decline in 2003 due to the onset of the Iraq war, and had remained low due to the "Hariri problem" in 2005 and Israel's war with Hizballah in 2006. By comparison, he said that in 2008 each of Syria's neighboring "volcanoes" had been relatively quiet. Next, he said that the Chambers of Tourism had convinced the SARG to spend five million dollars

on marketing Syria as a tourist destination at international trade shows in European capitals and Dubai in late 2007 and early 2008 -- a fivefold increase over previous years' budgets for advertising.

Despite Bad Press, "Average" Gulfies Still Love Syria

13. (C) When asked about the rumor that the government of Saudi Arabia had unofficially discouraged its citizens from vacationing in Syria this year, Sanadiki replied that he was not aware of any official Saudi travel advisory on Syria but acknowledged that Saudi tourism to Syria was down. He attributed the decline to two articles that were published in the pan-Arab, Saudi-funded as-Sharq al-Awsat just before the beginning of the summer tourism season that warned Saudis of possible mistreatment at the hands of the Syrian security services. According to Sanadiki, the articles alleged that four or five Saudi nationals were arrested and beaten in Syrian prisons in the spring of 2008. While claiming no knowledge of such an incident, he said that if it had actually happened, it was likely because the Saudis had become drunk at a local "casino" and had either destroyed their hotel rooms or otherwise disturbed the peace.

14. (C) Sanadiki contended that increased tourism from Kuwait, Qatar, the UAE and Oman was compensating for the decline in Saudis. He explained that while the wealthiest Gulf Arabs prefer to vacation in Switzerland, France and the UK, Syria

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remains an attractive destination for "average" GCC citizens due to its relatively cooler climate, Arab cuisine, inexpensive accommodations and access to "nightlife." He said the typical Gulf tourist drives his family to Syria and rents a home for a month in a conservative neighborhood of Damascus. With wives and children safely installed in Damascus, the Gulfi men enjoy overnight forays to Beirut.

Non-Arab Foreign Tourism Also Up

15. (C) According to Sanadiki, Syria is also benefiting from a jump in non-Arab tourism to Syria. He said that Iran is the largest single source non-Arab country with an estimated 800,000 Iranians due to visit this year -- primarily religious tourism to the Shia shrine of Sayeda Zeinab. Amongst non-Muslim tourists, he said the largest source countries are Germany, Austria, Italy, Spain and Japan. Greece and Cyprus also contribute substantial numbers, primarily for shorter shopping weekends or to visit Orthodox Christian shrines. Whereas summer is the high season for Arab tourism, Sanadiki said that Europeans usually come around Christmas, Easter and when cooler weather returns in autumn. He said the average European tourist purchases either a 5-6 day package that includes a one-day trip to Baalbek, Lebanon, or a 10-12 day trip that includes Jordan.

Still No Comparison with Lebanon and Turkey

16. (C) Even with a 40 percent up-tick in tourism, Sanadiki lamented that Syria is still not nearly fulfilling its tourism potential in the region. Just this week, Customs officials at the Nasib border crossing with Jordan had told him that 5000 cars per day were entering Syria -- mostly Saudis and Jordanians. He next inquired with Customs officials at the Jadayda border and found that 4500 foreign cars were exiting Syria every day for Lebanon. He commented on the wisdom of the Lebanese government's decision not to require entry visas for Jordanians, citing the massive number of Jordanian-plated cars transiting Damascus every Thursday evening heading north and every Saturday evening heading

south.

¶7. (C) Sanadiki also mentioned the economic impact of the Turkish dramatic TV series "Noor," which is dubbed into colloquial Syrian dialect and broadcast on MBC satellite channels four times per day. He said that Turkish Air and other airlines had increased their service between Syria and Turkey to 24 flights per week in order to meet demand, and that tour operators were now offering special "Noor" packages that included locations featured in the series as well as shopping at clothing stores that offer a "Noor Collection."

Foreign Investment in Tourism Infrastructure

¶8. (C) Regarding foreign investment in Syria's tourism infrastructure, Sanadiki said that FDI was also increasing, although not quickly enough to capitalize on the current demand. As an example, he said that the five-star Four Seasons hotel is completely booked through the end of summer and no new hotels would be opening in Damascus for at least three-to-four more years. He said the Kuwaiti al-Khurafi / Cham Holding Company project to build a four-star Intercontinental Hotel with a shopping mall and movie theaters is apparently stalled due to problems between the major investor (the al-Khurafi family) and the Intercontinental headquarters, and not due to the Syrian

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bureaucracy. By contrast, he said that two major tourism projects in Lattakia are expected to open by the end of 2009, including a 350-room hotel and a new marina / resort complex with private villas being built by the Qatari al-Diar company at a cost of USD 250 million.

¶9. (C) Sanadiki confided that Tourism Minister Saldalla agha al-Qalaa was "not too pleased" with him for his recent comments on Syrian television that the SARG's incentives to foreign investors are insufficient to attract real capital. He had suggested that, rather than offering tax exemptions, the SARG should offer a faster, more efficient way for investors to finish projects and start seeing return on their investments. He claimed that the Federated Chambers of Tourism (7 chapters around the country) had been granted authority by President Asad -- whom he claimed had personally chaired two of the Chambers' meetings last year -- to recommend amendments to existing SARG legislation that was impeding tourism development in Syria.

Comment

¶10. (C) This year's tourism boom is providing a welcome, albeit limited shot in the arm to a Syrian economy that is facing inflation, decreasing oil revenues, a three-year drought and lack of foreign investment. As Syria does not yet have sufficient hotel space to meet demand and offers little in entertainment options except kebab and nargileh, it is not surprising that so many tourists are transiting Syria en route to Lebanon and Turkey. With foreign cash primarily spent on food, fuel and housing, the influx of revenue may temporarily increase growth in the tourism and real-estate sectors, but Syria needs significantly more investment in infrastructure to sustain real GDP growth over the longterm.

CORBIN